

NOTICE: STATE PROPOSAL – NOVEMBER 5, 2002

PROPOSAL 02-4

PROPOSED CONSTITUTIONAL AMENDMENT

A proposal to amend the state constitution to reallocate the “tobacco settlement revenue” received by the state from cigarette manufacturers. (Proposal provided under an initiative petition filed with the Secretary of State on July 8, 2002.)

The proposal would amend the state constitution by adding language to Article 9, Section 36. The following is the language of the proposed constitutional amendment as it appeared on the initiative petition. Words added to Article 9, Section 36, of the state constitution are in capital letters.

Article 9, Section 36:

Sec. 36. Dedication of Tobacco Tax AND SETTLEMENT REVENUE To Improvement of Health Care

Dedication of Tobacco Tax to Improvement of Health Care

Six percent of the proceeds of the tax on tobacco products shall be dedicated to improving the quality of health care of the residents of this state.

DEDICATION OF TOBACCO SETTLEMENT REVENUE TO IMPROVEMENT OF HEALTH

BEGINNING ON JANUARY 1, 2003, NOT LESS THAN 90% OF THE MONEY RECEIVED BY THIS STATE THAT IS ATTRIBUTABLE TO THE MASTER SETTLEMENT AGREEMENT INCORPORATED INTO A CONSENT DECREE AND FINAL JUDGMENT ENTERED INTO ON DECEMBER 7, 1998 IN KELLEY EX REL MICHIGAN V PHILIP MORRIS, INC., ET AL, INGHAM COUNTY CIRCUIT COURT, DOCKET NO. 96-84281-CZ, HEREAFTER REFERRED TO AS THE TOBACCO SETTLEMENT REVENUE, SHALL BE DEDICATED TO IMPROVING THE QUALITY OF HEALTH OF THE RESIDENTS OF THIS STATE.

CREATION OF FUNDS

THE TOBACCO ILLNESS CARE FUND IS CREATED IN THE DEPARTMENT OF TREASURY AND SHALL CONSIST OF 46% OF THE TOBACCO SETTLEMENT REVENUE. THE TOBACCO SETTLEMENT RESEARCH AND EDUCATION FUND IS CREATED IN THE DEPARTMENT OF TREASURY AND SHALL CONSIST OF 31% OF THE TOBACCO SETTLEMENT REVENUE. THE SENIOR CITIZEN PRESCRIPTION DRUG ASSISTANCE FUND IS CREATED IN THE DEPARTMENT OF TREASURY AND SHALL CONSIST OF 13% OF THE TOBACCO SETTLEMENT REVENUE.

EXPENDITURES

FUNDS IN THE TOBACCO ILLNESS CARE FUND SHALL BE APPROPRIATED AND DISTRIBUTED TO NONPROFIT HOSPITALS, THE HEALTHY MICHIGAN FOUNDATION,

LICENSED NURSING HOMES, LICENSED HOSPICES, NURSE PRACTITIONERS AND SCHOOL-LINKED HEALTH CENTERS, AS PROVIDED IN THIS SECTION. FUNDS IN THE TOBACCO ILLNESS CARE FUND SHALL BE APPROPRIATED AND DISTRIBUTED AS FOLLOWS: TWENTY-EIGHT (28%) PERCENT OF THE TOBACCO SETTLEMENT REVENUE TO NONPROFIT HOSPITALS; THIRTEEN (13%) PERCENT OF THE TOBACCO SETTLEMENT REVENUE TO LICENSED NURSING HOMES; TWO (2%) PERCENT OF THE TOBACCO SETTLEMENT REVENUE TO LICENSED HOSPICES; ONE (1%) PERCENT OF THE TOBACCO SETTLEMENT REVENUE TO THE HEALTHY MICHIGAN FOUNDATION; ONE (1%) PERCENT OF THE TOBACCO SETTLEMENT REVENUE TO NURSE PRACTITIONERS; AND ONE (1%) PERCENT OF THE TOBACCO SETTLEMENT REVENUE TO SCHOOL-LINKED HEALTH CENTERS THAT PROVIDE PRIMARY CARE, SCREENING, ASSESSMENT, HEALTH PROMOTION AND REFERRAL SERVICES TO CHILDREN AND TEENAGERS. THE FUNDS APPROPRIATED TO NONPROFIT HOSPITALS SHALL BE DISTRIBUTED BASED UPON THE RATIO OF EACH HOSPITAL'S TOTAL NET PATIENT REVENUE AS COMPARED TO THE TOTAL NET PATIENT REVENUE OF ALL MICHIGAN NONPROFIT HOSPITALS, FOR THE PURPOSE OF IMPROVING THE QUALITY OF HEALTH OF MICHIGAN RESIDENTS. NET PATIENT REVENUE SHALL BE DETERMINED BY THE MOST RECENTLY FILED MEDICARE COST REPORT OR ITS SUCCESSOR OR, IN THE ABSENCE THEREOF, HOSPITAL FINANCIAL STATEMENTS. THE FUNDS APPROPRIATED TO LICENSED NURSING HOMES SHALL BE DISTRIBUTED BASED UPON THE RATIO OF EACH LICENSED NURSING HOME'S TOTAL NUMBER OF LICENSED BEDS COMPARED TO THE TOTAL NUMBER OF LICENSED BEDS FOR ALL MICHIGAN LICENSED NURSING HOMES, FOR THE PURPOSE OF ENHANCING PATIENT CARE. THE FUNDS APPROPRIATED TO LICENSED HOSPICES THAT SERVE MEDICAID PATIENTS SHALL BE DISTRIBUTED BASED UPON THE RATIO OF MEDICAID EXPENDITURES TO EACH INDIVIDUAL LICENSED HOSPICE COMPARED TO TOTAL MEDICAID EXPENDITURES TO LICENSED HOSPICES, INCLUDING EXPENDITURES MADE THROUGH HEALTH PLANS. THE FUNDS APPROPRIATED TO NURSE PRACTITIONERS WILL BE DISTRIBUTED TO NURSE PRACTITIONERS AT LEAST 20% OF WHOSE ANNUAL PRACTICE REVENUE IS DERIVED FROM MEDICAID, AND SUCH FUNDS SHALL BE DISTRIBUTED BASED UPON TOTAL MEDICAID EXPENDITURES TO EACH NURSE PRACTITIONER RECEIVING A PAYMENT AS COMPARED TO TOTAL MEDICAID EXPENDITURES TO ALL NURSE PRACTITIONERS RECEIVING A PAYMENT, INCLUDING MEDICAID EXPENDITURES MADE THROUGH HEALTH PLANS.

FUNDS IN THE TOBACCO SETTLEMENT RESEARCH AND EDUCATION FUND SHALL BE APPROPRIATED AND DISTRIBUTED TO THE TOBACCO-FREE FUTURES FUND, INC, A MICHIGAN NONPROFIT CORPORATION, THE HEALTH AND AGING RESEARCH AND DEVELOPMENT INITIATIVE, WHICH WAS CREATED BY PUBLIC ACT 120 OF 1999, THE COUNCIL OF MICHIGAN FOUNDATIONS AND A MICHIGAN NURSES SCHOLARSHIP PROGRAM, AS PROVIDED IN THIS SECTION. FUNDS IN THE TOBACCO SETTLEMENT RESEARCH AND EDUCATION FUND SHALL BE APPROPRIATED AND DISTRIBUTED AS FOLLOWS: FIFTEEN (15%) PERCENT OF THE TOBACCO SETTLEMENT REVENUE TO THE TOBACCO-FREE FUTURES FUND, TO DEVELOP AND IMPLEMENT A STATEWIDE COMPREHENSIVE STRATEGIC PLAN TO PREVENT AND REDUCE TOBACCO USE AND ITS ADVERSE HEALTH EFFECTS; THIRTEEN (13%) PERCENT OF THE TOBACCO SETTLEMENT REVENUE TO THE HEALTH AND AGING RESEARCH AND DEVELOPMENT INITIATIVE, FROM WHICH FUNDS FIFTEEN (15%) PERCENT SHALL BE USED FOR TOBACCO-RELATED RESEARCH; TWO (2%) PERCENT OF THE TOBACCO SETTLEMENT REVENUE TO THE COUNCIL OF MICHIGAN FOUNDATIONS TO SUPPORT LOCAL COMMUNITY EFFORTS TO ADDRESS YOUTH AND SENIOR NEEDS; AND ONE (1%) PERCENT OF THE TOBACCO SETTLEMENT REVENUE TO A MICHIGAN NURSES SCHOLARSHIP PROGRAM.

WITH REGARD TO THE FUNDS APPROPRIATED TO A MICHIGAN NURSES SCHOLARSHIP PROGRAM, SUCH FUNDS SHALL BE APPROPRIATED AND DISTRIBUTED TO AN EDUCATIONAL NURSING SCHOLARSHIP PROGRAM FOR ELIGIBLE RESIDENT STUDENTS ENROLLED OR ACCEPTED INTO A BACHELOR OR ASSOCIATE DEGREE NURSING PROGRAM THAT SHALL BE OPERATED AS DEFINED IN PUBLIC ACT 368 OF 1978.

FUNDS IN THE SENIOR CITIZEN PRESCRIPTION DRUG ASSISTANCE FUND SHALL BE APPROPRIATED AND DISTRIBUTED TO THE ELDER PRESCRIPTION DRUG PROGRAM, AS DEFINED IN PUBLIC ACT 499 OF 2000, AS PROVIDED IN THIS SECTION. THIRTEEN (13%) PERCENT OF THE TOBACCO SETTLEMENT REVENUE SHALL BE APPROPRIATED AND DISTRIBUTED TO THE ELDER PRESCRIPTION DRUG PROGRAM.

THE TOBACCO SETTLEMENT REVENUE SHALL BE APPROPRIATED AND DISTRIBUTED TO THE RECIPIENTS DESIGNATED IN THIS SECTION ON AN ANNUAL BASIS. TOBACCO SETTLEMENT REVENUE IN THE FUNDS CREATED BY THIS SECTION AT THE CLOSE OF THE STATE'S FISCAL YEAR, INCLUDING BUT NOT LIMITED TO INVESTMENT EARNINGS, SHALL REMAIN IN THE RESPECTIVE FUND AND SHALL NOT REVERT TO THE GENERAL FUND. SHOULD ANY DESIGNATED RECIPIENT OF TOBACCO SETTLEMENT REVENUE UNDER THIS SECTION CEASE TO EXIST OR OTHERWISE BECOME UNABLE TO ACCEPT TOBACCO SETTLEMENT REVENUE AS PROVIDED BY THIS SECTION, TOBACCO SETTLEMENT REVENUE THAT WAS APPROPRIATED TO SUCH RECIPIENT SHALL REVERT TO OR REMAIN IN EITHER THE TOBACCO ILLNESS CARE FUND, THE TOBACCO SETTLEMENT RESEARCH AND EDUCATION FUND OR THE SENIOR CITIZEN PRESCRIPTION DRUG ASSISTANCE FUND AND SUCH TOBACCO SETTLEMENT REVENUE SHALL BE APPROPRIATED AND DISTRIBUTED TO THE OTHER RECIPIENTS DESIGNATED FOR AMOUNTS HELD IN THE APPLICABLE FUND IN THE SAME RATIO AS EXISTS AMONG THE REMAINING ELIGIBLE RECIPIENTS FOR APPROPRIATIONS AND DISTRIBUTIONS FROM SUCH FUND.

THE REMAINING 10% OF THE TOBACCO SETTLEMENT REVENUE SHALL BE APPROPRIATED AND DISTRIBUTED TO THE GENERAL FUND AND THE LEGISLATURE SHALL AUTHORIZE APPROPRIATIONS OF THAT MONEY.

ANNUAL REPORT

ALL RECIPIENTS OF FUNDS UNDER THIS SECTION SHALL ANNUALLY FILE A REPORT WITH THE AUDITOR GENERAL ITEMIZING THEIR EXPENDITURES OF FUNDS RECEIVED UNDER THIS SECTION. THE AUDITOR GENERAL SHALL PREPARE AN ANNUAL TOBACCO SETTLEMENT ACCOUNTABILITY REPORT ITEMIZING THE MANNER IN WHICH THE TOBACCO SETTLEMENT REVENUE IS APPROPRIATED AND EXPENDED. THIS REPORT SHALL BE AVAILABLE TO THE PUBLIC BY REQUEST.

NO EFFECT ON STATE FUNDING

EXPENDITURES FROM ALL SOURCES FOR HOSPITALS AND OTHER HEALTH CARE SERVICES PURSUANT TO MCL 400.1, *ET. SEQ.*, THE MEDICAID PROGRAM, SHALL NOT BE REDUCED AS A RESULT OF THE ALLOCATION OF FUNDS EFFECTED BY THIS SECTION. THE TOBACCO SETTLEMENT REVENUE APPROPRIATED BY THIS SECTION IS SEPARATE, DISTINCT AND IN ADDITION TO THE FUNDS ANNUALLY APPROPRIATED OR OTHERWISE PROVIDED TO NONPROFIT HOSPITALS, LICENSED NURSING HOMES, LICENSED HOSPICES AND NURSE PRACTITIONERS, AND SHALL NOT BE CONSIDERED OR FACTORED INTO THE

DETERMINATION OF FUTURE MEDICAID EXPENDITURES. IN EACH FISCAL YEAR, THE LEGISLATURE SHALL MAKE EXPENDITURES FOR NONPROFIT HOSPITALS, LICENSED NURSING HOMES, LICENSED HOSPICES AND NURSE PRACTITIONERS, RESPECTIVELY, IN AN AMOUNT THAT IS SUFFICIENT TO CAUSE THE RATIO OF EXPENDITURES FOR EACH SUCH GROUP TO TOTAL STATE EXPENDITURES FOR THAT GROUP TO BE EQUAL TO OR GREATER THAN SUCH RATIO IN FISCAL YEAR 2001, PROVIDED THAT SUCH RATIO SHALL BE ADJUSTED ANNUALLY TO REFLECT CHANGES IN THE FEDERAL MEDICAID MATCHING RATE, CHANGES IN THE NUMBERS OF MEDICAID BENEFICIARIES AND CHANGES IN THE TYPES OF MEDICAID ENROLLEES. FOR PURPOSES OF THIS SECTION, NONPROFIT HOSPITALS, LICENSED NURSING HOMES, LICENSED HOSPICES AND NURSE PRACTITIONERS ARE CONSIDERED SEPARATE GROUPS WHOSE RESPECTIVE RATIOS SHALL BE ANALYZED INDEPENDENTLY. STATE FUNDS, FROM WHATEVER SOURCE, APPROPRIATED FOR TOBACCO PREVENTION, EDUCATION, REDUCTION OR CESSATION; CANCER, CARDIOVASCULAR DISEASE OR STROKE PREVENTION, EDUCATION OR CONTROL; OR LUNG DISEASE PROGRAMS, OR SCHOOL-LINKED HEALTH CENTERS OR ADOLESCENT HEALTH CARE CLINICS, SHALL NOT BE REDUCED OR OTHERWISE AFFECTED BY THIS SECTION AND THE LEGISLATURE SHALL MAKE EXPENDITURES FOR EACH OF THESE PROGRAMS RESPECTIVELY AT AN AMOUNT EQUAL TO OR GREATER THAN THE AMOUNTS APPROPRIATED IN FISCAL YEAR 2001.

SELF-EXECUTING

THIS SECTION SHALL BE SELF-EXECUTING. LEGISLATION MAY BE ENACTED TO FACILITATE OPERATION OF THIS SECTION, BUT NO LAW SHALL LIMIT OR RESTRICT THE APPLICATION OF THIS SECTION. IF ANY PART OF THIS SECTION IS HELD OT BE UNCONSTITUTIONAL, THE REMAINING PARTS OF THIS SECTION SHALL NOT BE AFFECTED BUT WILL REMAIN IN FULL FORCE AND EFFECT. ALL EXISTING STATUTORY PROVISIONS THAT ARE INCONSISTENT WITH THIS SECTION ARE HEREBY ABROGATED.

The following is the approved ballot wording:

PROPOSAL 02-4

**A PROPOSED CONSTITUTIONAL AMENDMENT TO REALLOCATE THE
“TOBACCO SETTLEMENT REVENUE” RECEIVED
BY THE STATE FROM CIGARETTE MANUFACTURERS**

The proposed constitutional amendment would:

- Annually allocate on a permanent basis 90% (approximately \$297 million) of “tobacco settlement revenue” received by state from cigarette manufacturers as follows: \$151.8 million to nonprofit hospitals, licensed nursing homes, licensed hospices, nurse practitioners, school-linked health centers and Healthy Michigan Foundation; \$102.3 million to fund programs to reduce tobacco use, Health and Aging Research Development Initiative, Tobacco-Free Futures Fund, Council of Michigan Foundations and Nurses Scholarship Program; and \$42.9 million to the Elder Prescription Drug Program.
- Guarantee recipients funding at 2001 appropriation levels plus additional state funds on an escalating basis for nonprofit hospitals, licensed nursing homes, licensed hospices and nurse practitioners.

Should this proposal be adopted?

Yes ☐

No ☐